



Thrift Savings Plan BULLETIN

for Agency TSP Representatives

Subject: New Thrift Savings Plan Employee Contribution Limits

Date: January 23, 2001

The Consolidated Appropriations Act for Fiscal Year 2001, signed by the President on December 21, 2000, changes the Thrift Savings Plan (TSP) employee contribution limits which were established by the Federal Employees' Retirement System Act of 1986. Beginning in July 2001, the employee contribution limits for FERS and CSRS employees will increase by 1% each year for five years, as follows:*

Year	FERS limit	CSRS limit
2001	11 %	6 %
2002	12 %	7 %
2003	13 %	8 %
2004	14 %	9 %
2005	15 %	10 %

In 2006, these contribution limits will be lifted entirely.

Implementation of new contribution limits. The TSP will implement this statutory change with the May 15 through July 31, 2001, open season. During that open season, FERS employees may elect to contribute up to 11% of the basic pay they earn each pay period; CSRS employees may elect to contribute up to 6% of the basic pay they earn for the pay period. During the open season November 15, 2001, through January 31, 2002, FERS employees may elect to contribute up to 12% of the basic pay they earn each pay

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*FERS refers to the Federal Employees' Retirement System, the Foreign Service Pension System, and other equivalent Federal retirement systems. CSRS refers to the Civil Service Retirement System, including CSRS Offset, the Foreign Service Retirement and Disability System, and other equivalent Federal retirement systems.

Inquiries: Questions concerning this bulletin should be directed to the Federal Retirement Thrift Investment Board at **202-942-1460**.

Chapter: This bulletin may be filed in Chapter 2, General Information, or Chapter 6, Establishing and Maintaining Accounts.

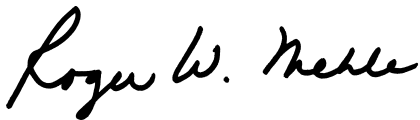
Supersedes: This bulletin supersedes TSP Bulletin 94-16, Fact Sheets on Thrift Savings Plan Contribution Limits, dated June 15, 1994.

period; CSRS employees may elect to contribute up to 7%. Elections to begin or change TSP contributions made during these open seasons cannot be made effective before the last month of the open season.

Application of annual elective deferral limit. The total amount that an employee may contribute to the TSP each year will continue to be capped by the Internal Revenue Service (IRS) elective deferral limit. As discussed in TSP Bulletin 00-24, dated December 8, 2000, the TSP system will not process a payment record that will cause the total amount of an individual's employee contributions for a year to exceed the IRS elective deferral limit for that year. For 2001, the elective deferral limit is \$10,500.

Agency actions. Agencies must modify their payroll systems to allow employees to make TSP contributions each year as specified above. If employees elect to contribute a dollar amount, agency payroll systems must ensure that the dollar amount does not exceed the relevant limit each pay period. For 2001, the modification must be made to accommodate elections that will become effective in July. For subsequent years, the modification must be made to accommodate elections that will become effective in January.

Agency payroll systems must continue to ensure that an individual's employee contributions for a year do not exceed the IRS elective deferral limit for that year. Agency payroll systems must also continue to determine agency contributions according to the current rules; there are no changes to the amount of agency contributions that must be made to the TSP accounts of FERS employees.

A handwritten signature in black ink, reading "Roger W. Mehle". The signature is written in a cursive, flowing style.

ROGER W. MEHLE
Executive Director